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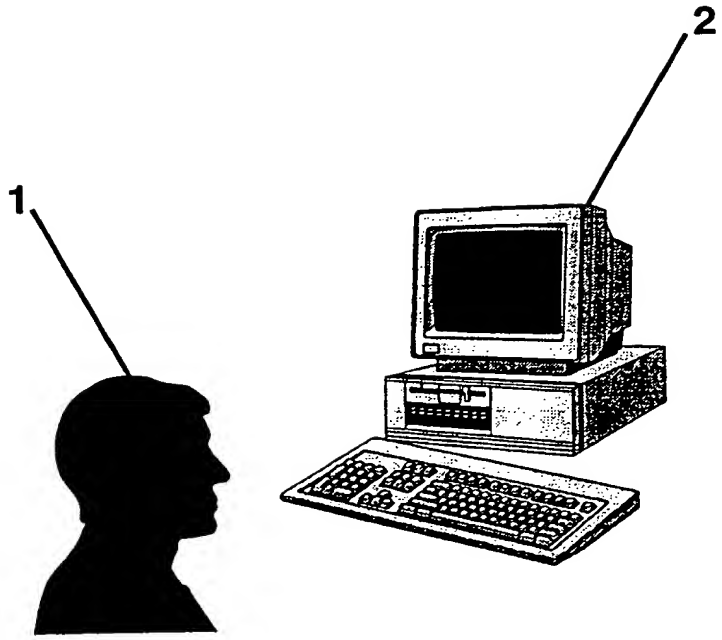
FIG. 1



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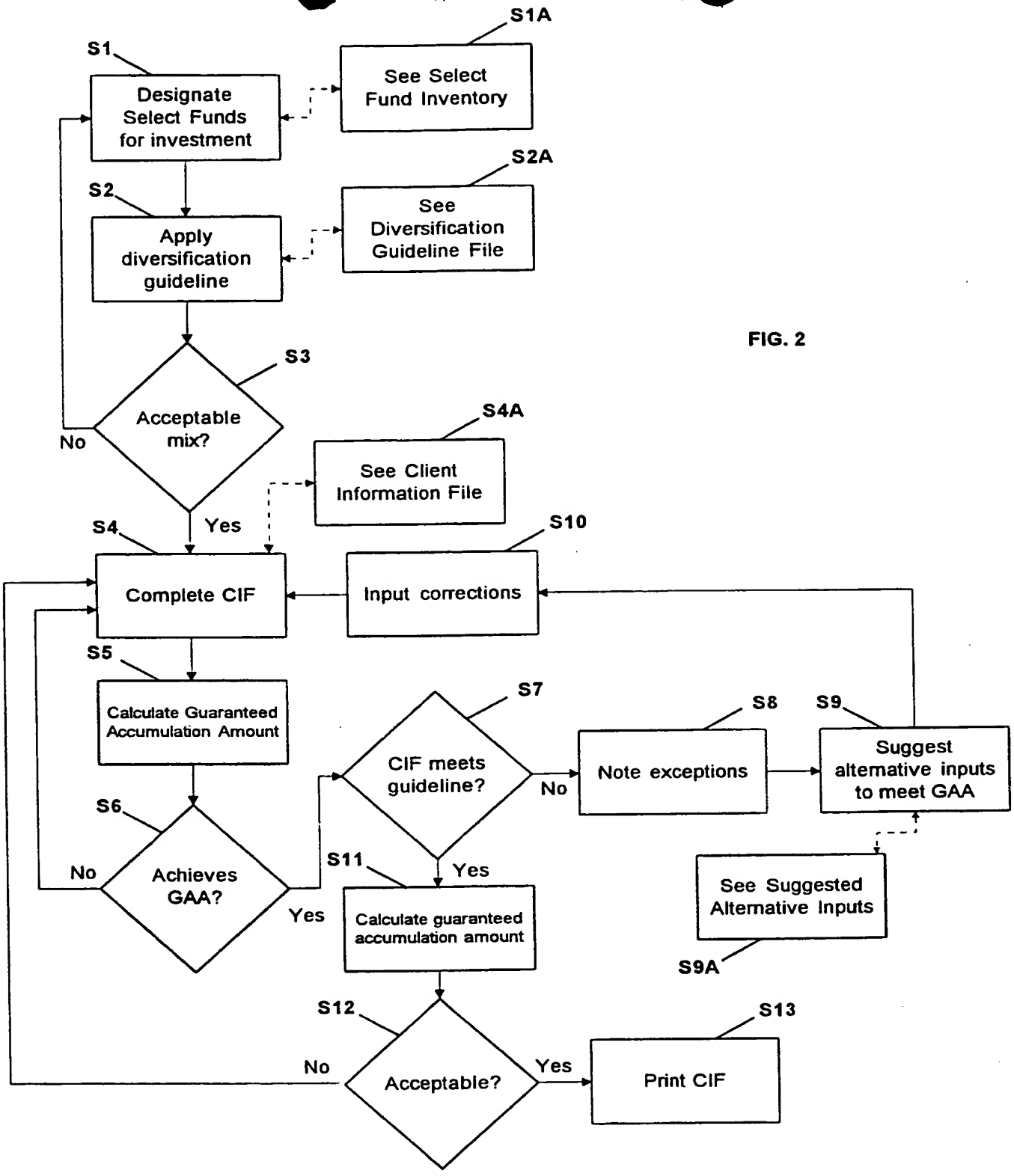

FIG. 2

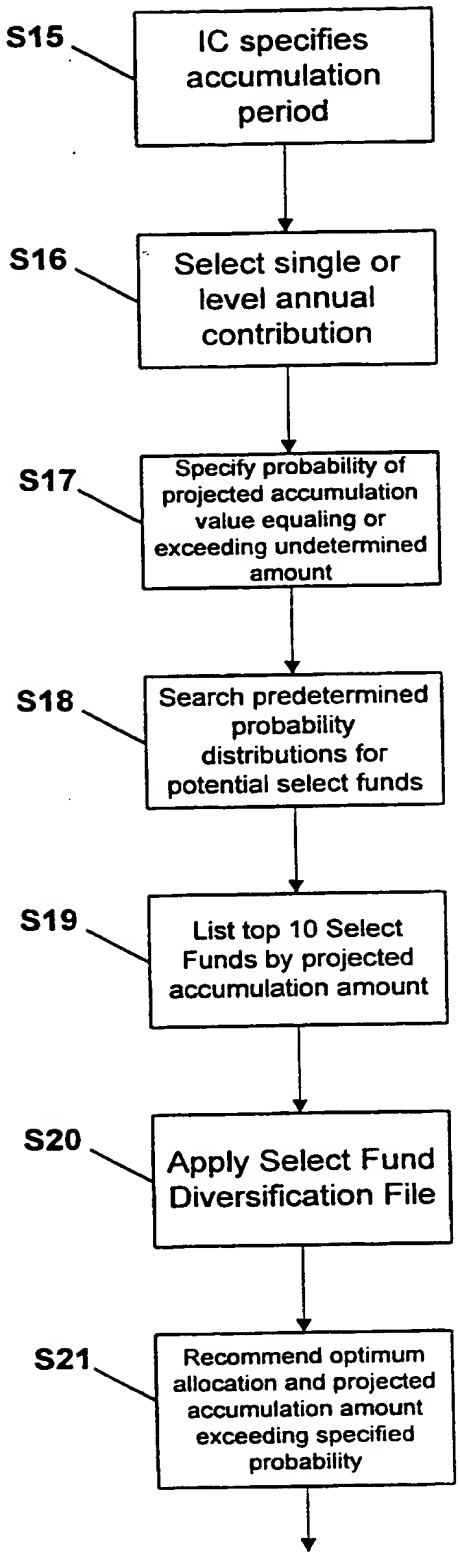
S15
IC specifies accumulation period
S16
Select single or level annual contribution
S17
Specify probability of projected accumulation value equaling or exceeding undetermined amount
S18
Search predetermined probability distributions for potential select funds
S19
List top 10 Select Funds by projected accumulation amount
S20
Apply Select Fund Diversification File
S21
Recommend optimum allocation and projected accumulation amount exceeding specified probability
Return to FIG. 2 with different Select Funds

FIG. 3

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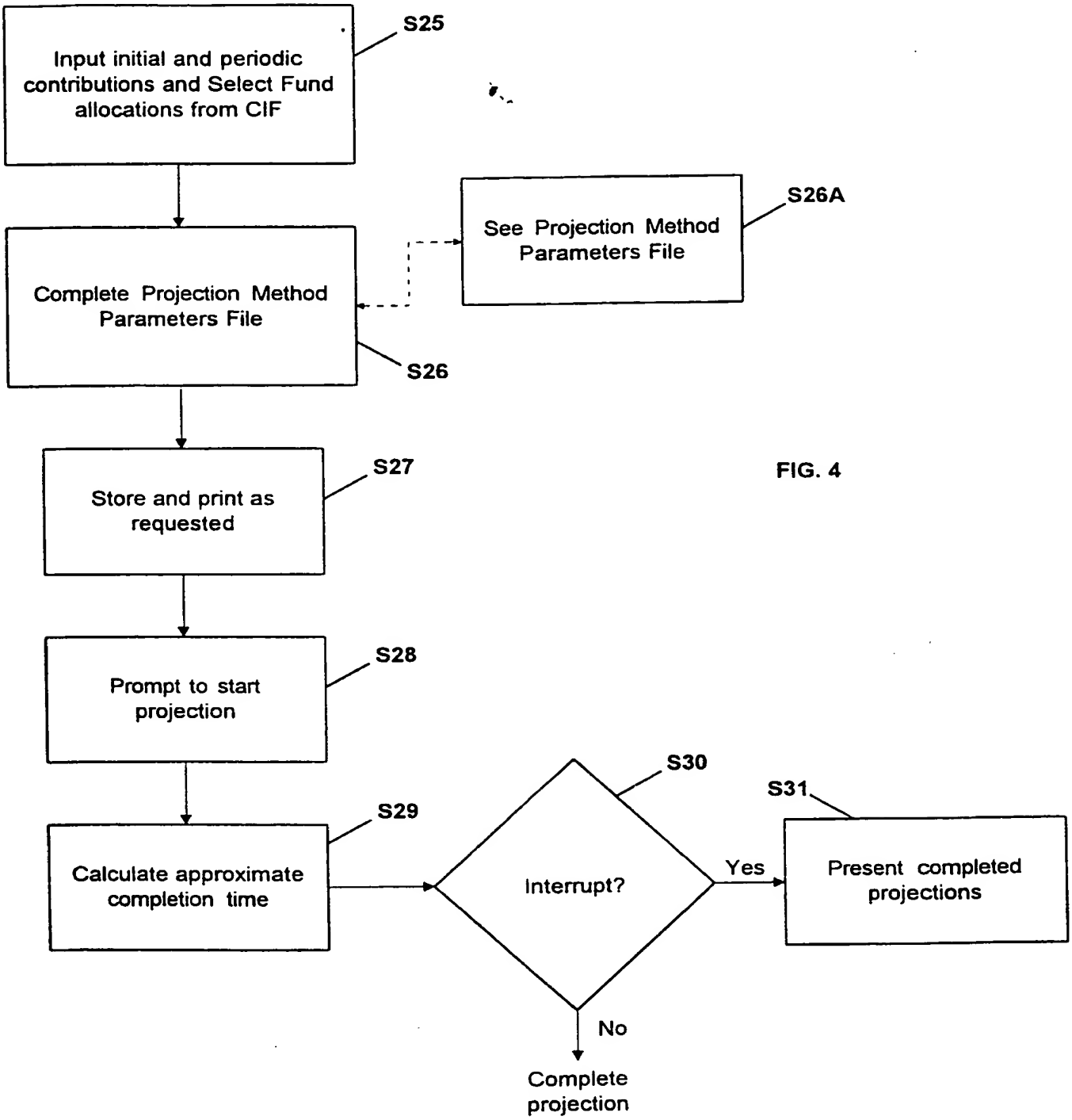

FIG. 4

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FIG. 5A

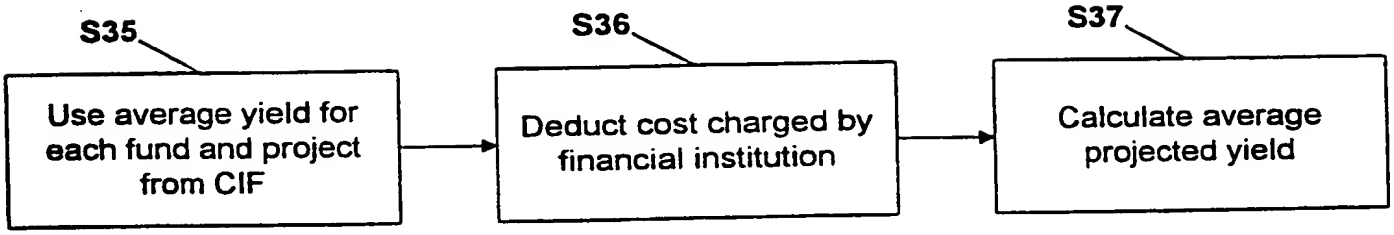

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FIG. 5B

Projection Method 2

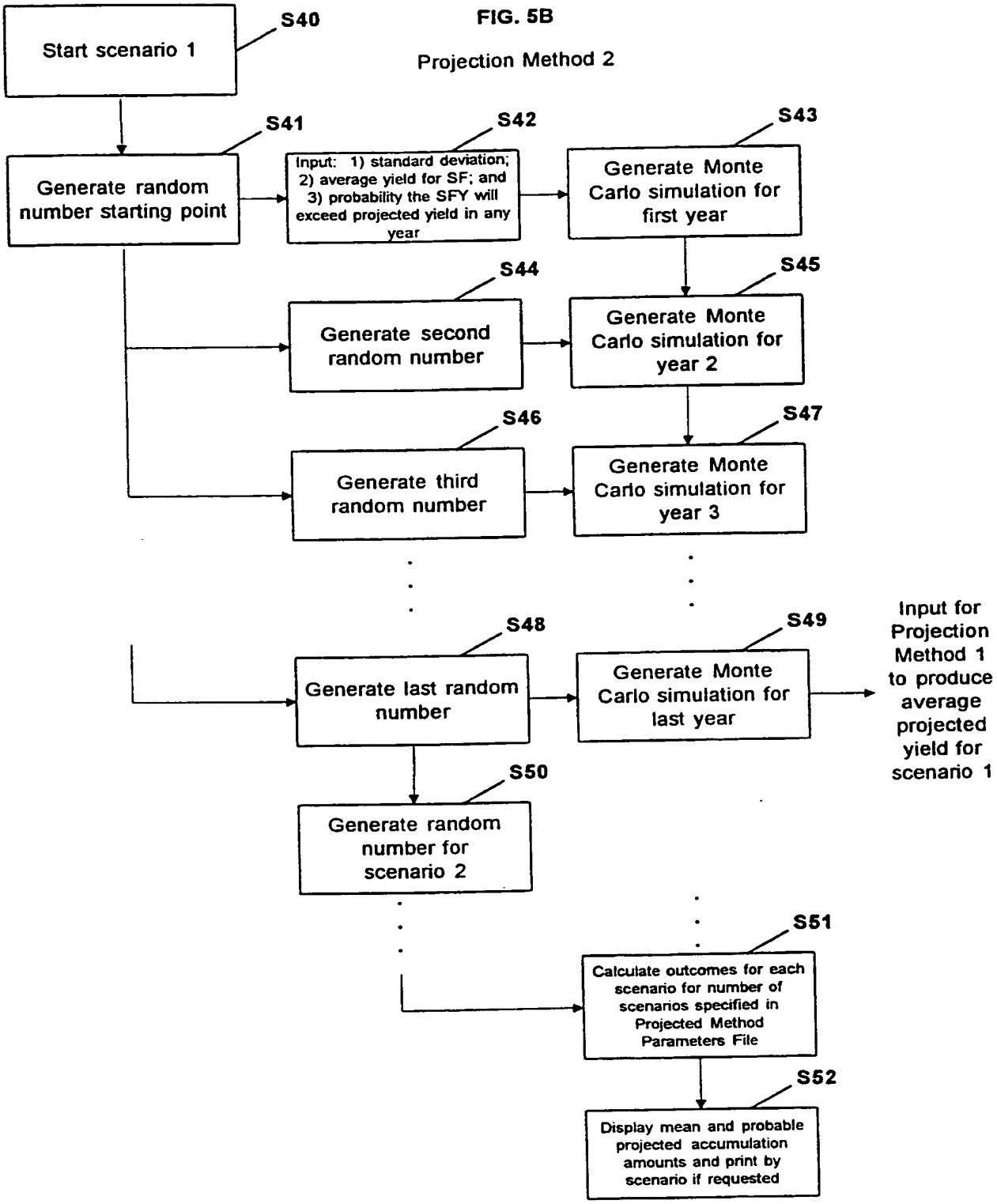

FIG. 5C

Projection Method 3

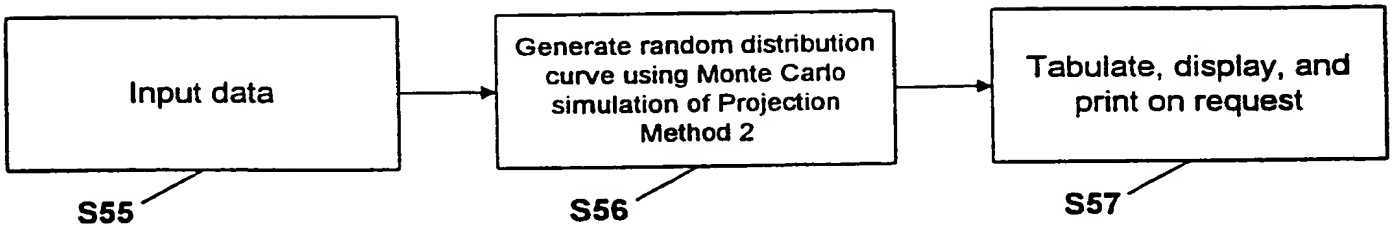

FIG. 5D

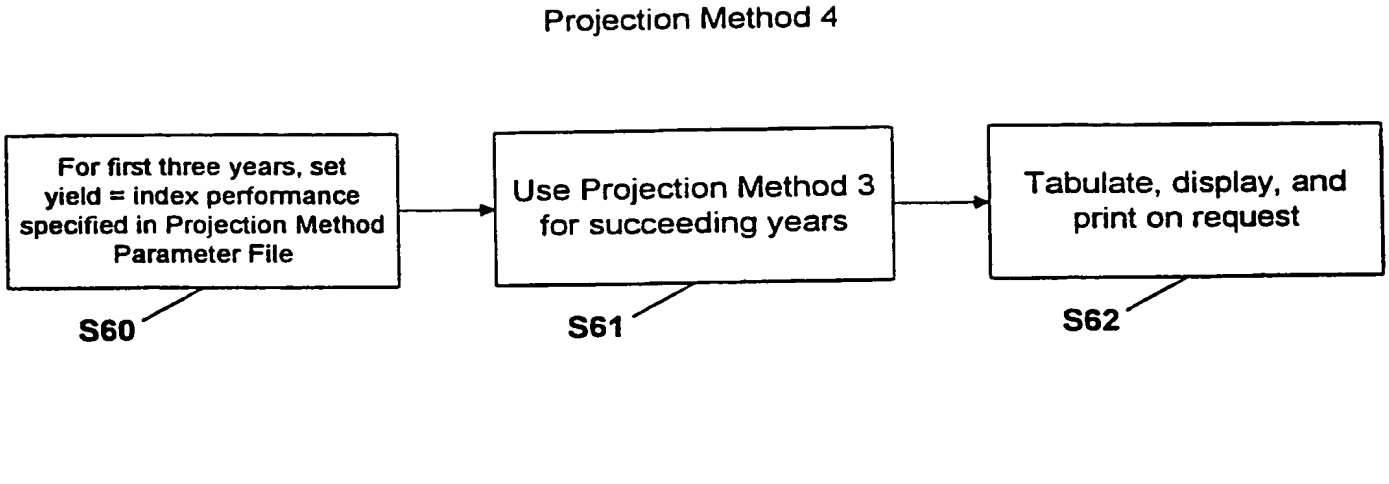
Projection Method 4
For first three years, set yield = index performance specified in Projection Method Parameter File
S60
Use Projection Method 3 for succeeding years
S61
Tabulate, display, and print on request
S62

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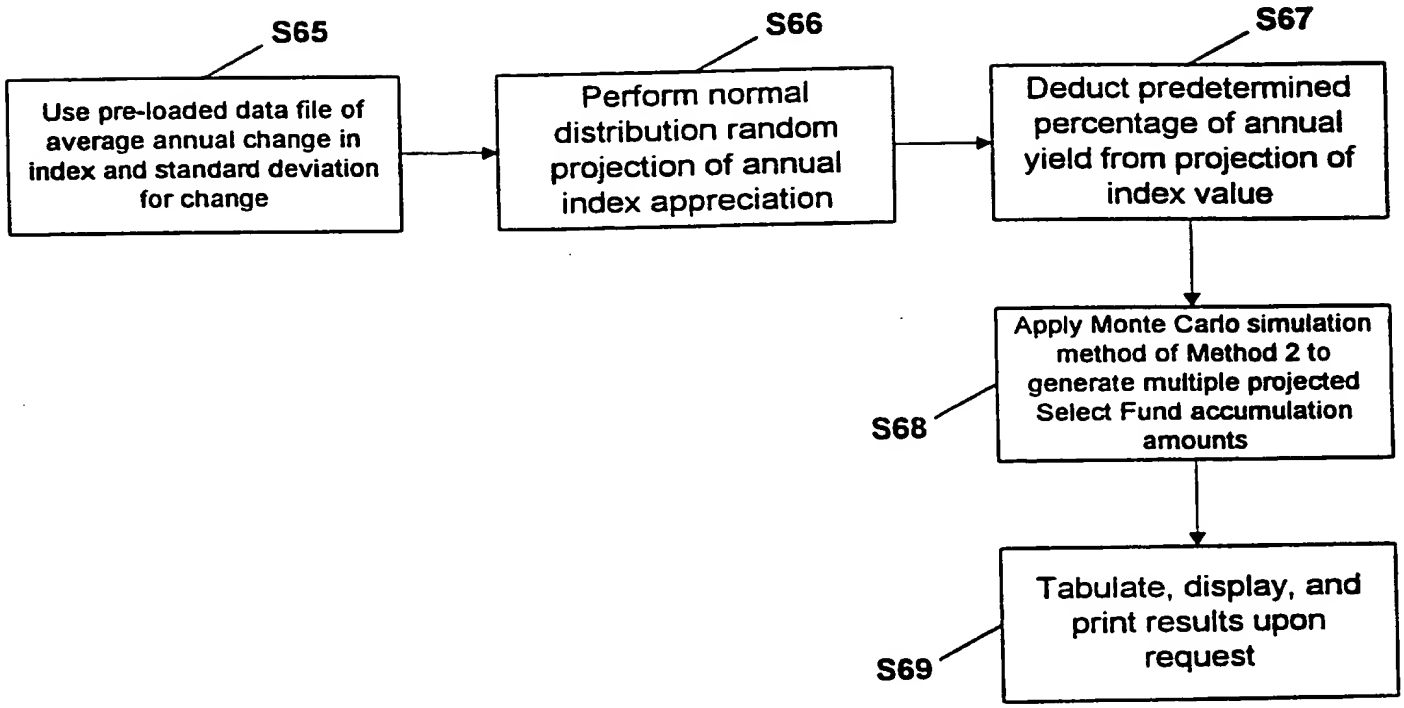
FIG. 5E

Projection Method 5



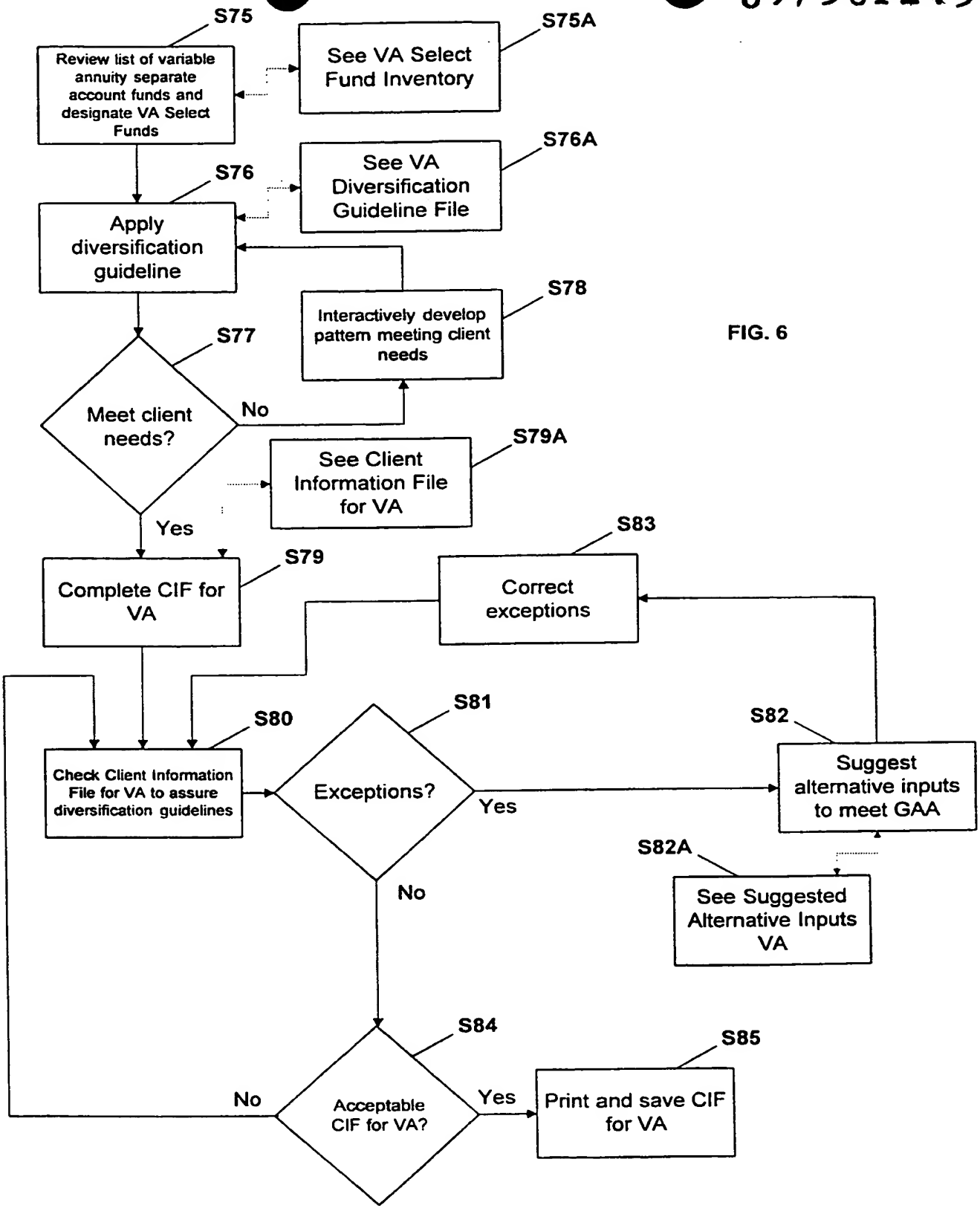

S75
Review list of variable annuity separate account funds and designate VA Select Funds
S75A
See VA Select Fund Inventory
S76
Apply diversification guideline
S76A
See VA Diversification Guideline File
S78
Interactively develop pattern meeting client needs
S77
Meet client needs?
No
Yes
S79A
See Client Information File for VA
S79
Complete CIF for VA
S83
Correct exceptions
S80
Check Client Information File for VA to assure diversification guidelines
S81
Exceptions?
Yes
S82
Suggest alternative inputs to meet GAA
S82A
See Suggested Alternative Inputs VA
No
S84
Acceptable CIF for VA?
No
Yes
S85
Print and save CIF for VA

FIG. 6

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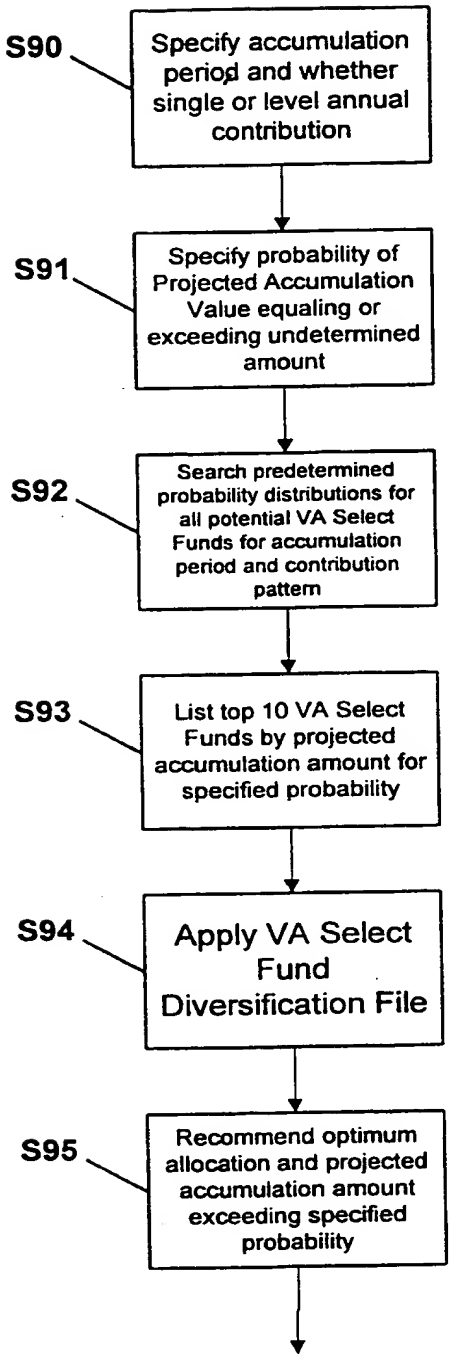

FIG. 7

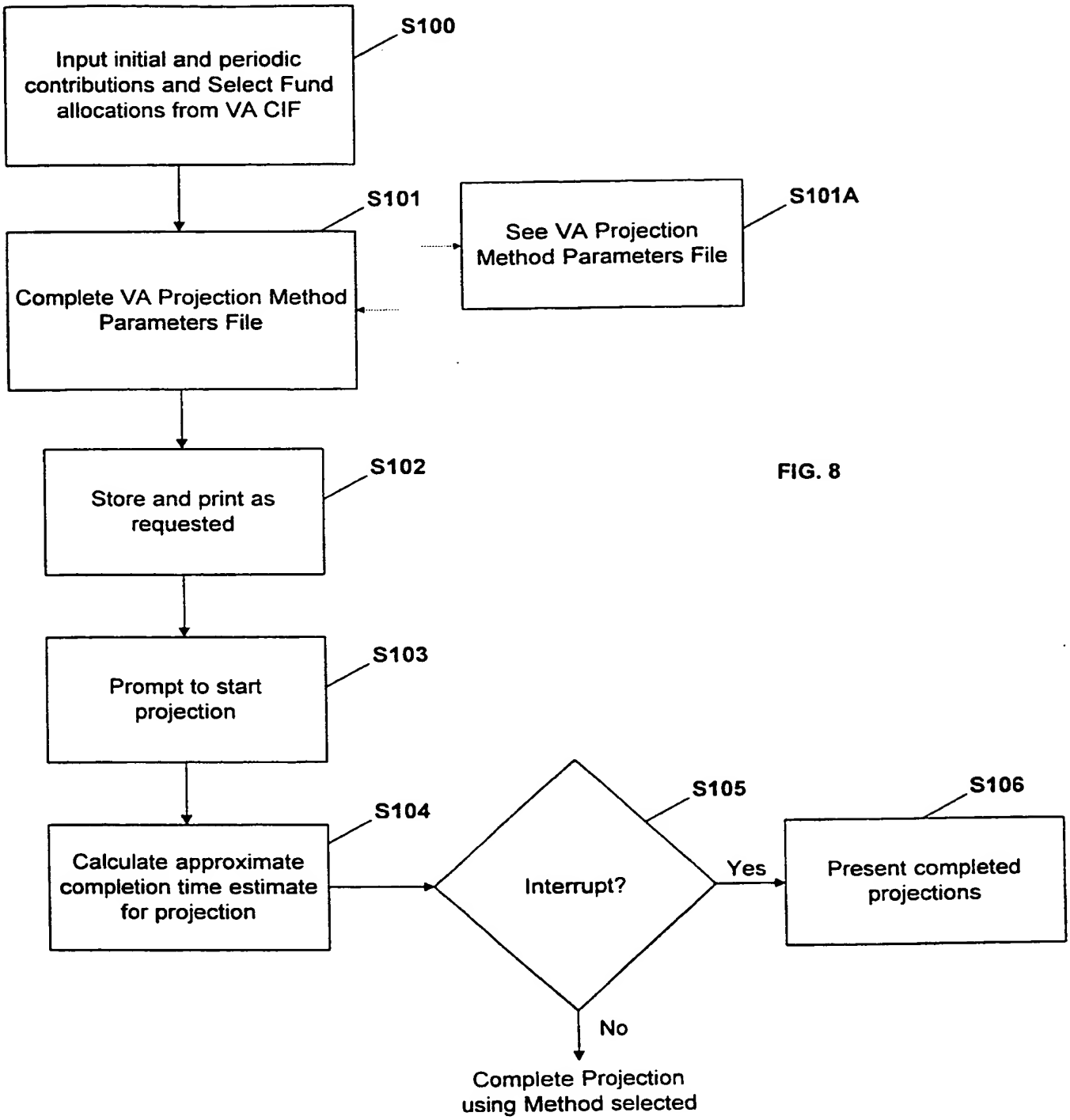
Input initial and periodic contributions and Select Fund allocations from VA CIF
S100
Complete VA Projection Method Parameters File
S101
See VA Projection Method Parameters File
S101A
Store and print as requested
S102
Prompt to start projection
S103
Calculate approximate completion time estimate for projection
S104
Interrupt?
S105
Yes
Present completed projections
S106
No
Complete Projection using Method selected

FIG. 8

FIG. 9A

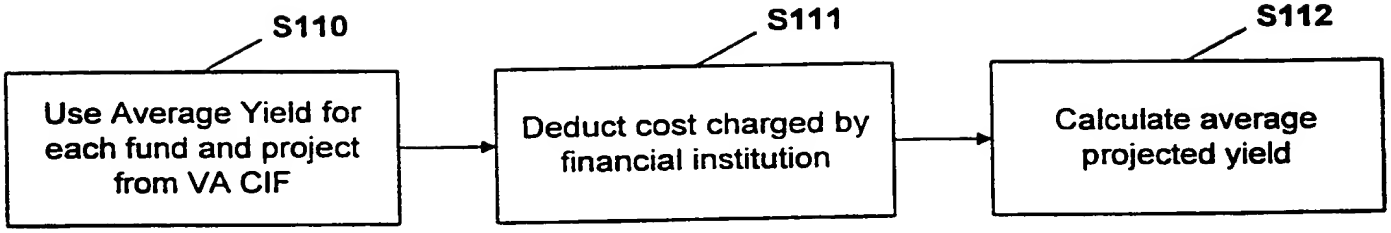
VA Projection Method 1
S110
Use Average Yield for each fund and project from VA CIF
S111
Deduct cost charged by financial institution
S112
Calculate average projected yield

FIG. 9B

VA Projection Method 2

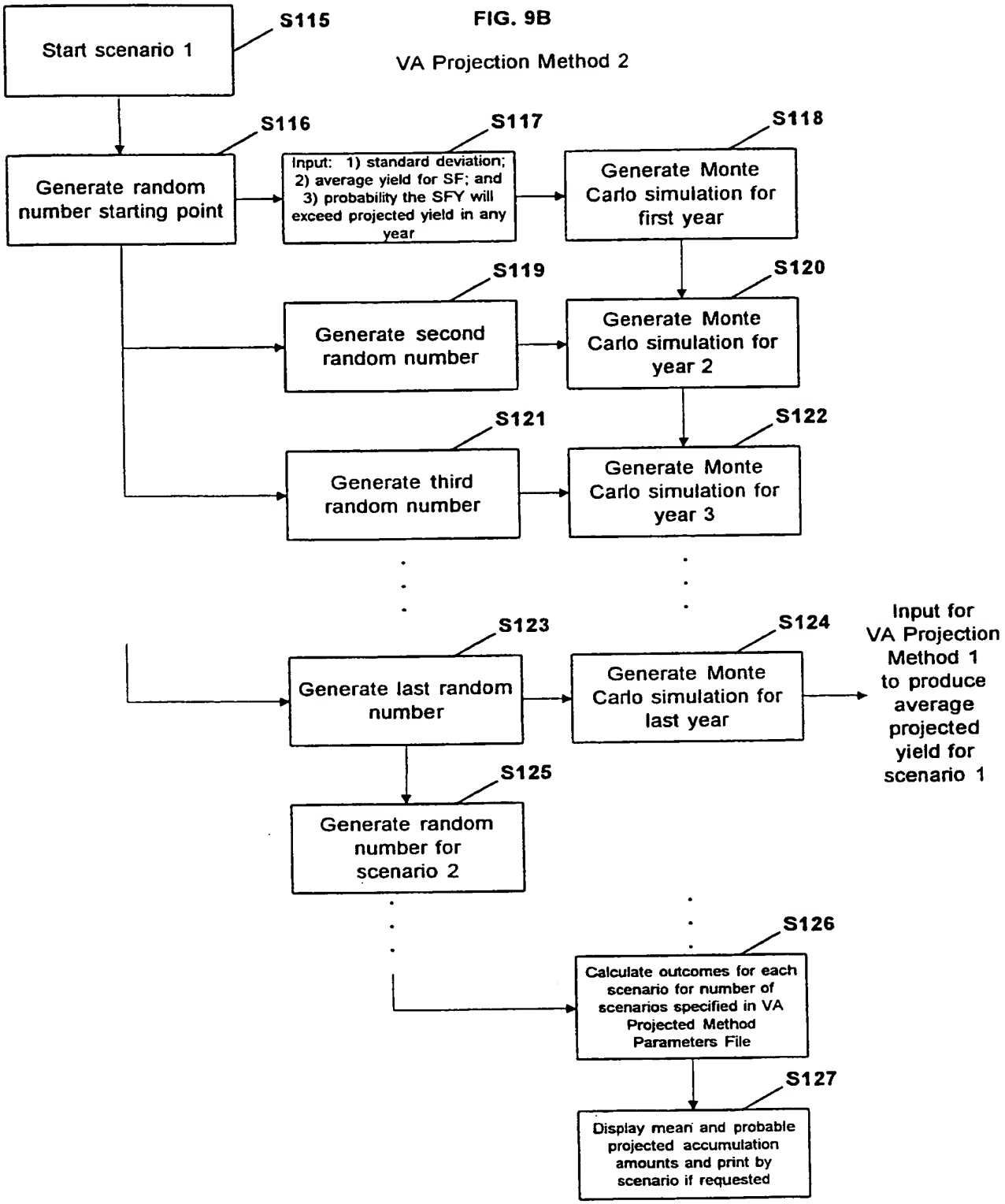

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FIG. 9C

VA Projection Method 3

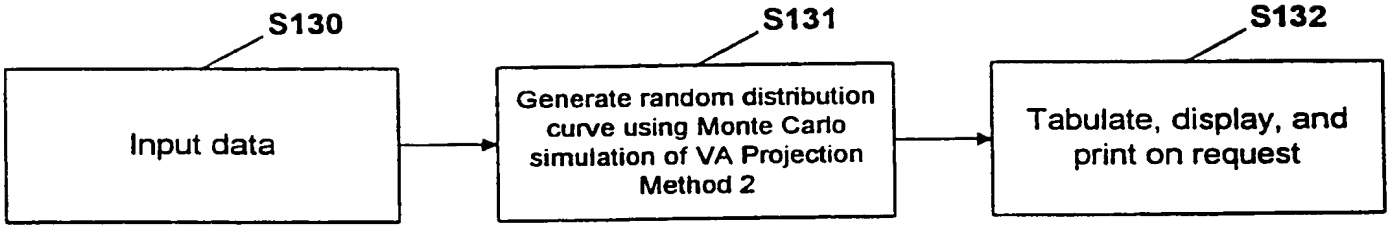

FIG. 9D

VA Projection Method 4

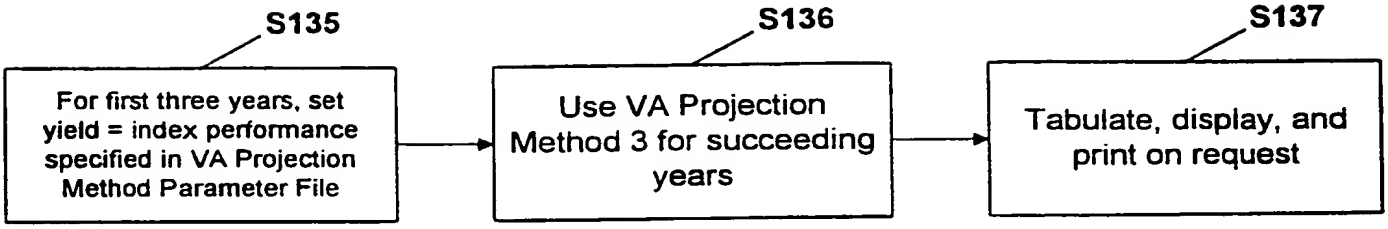

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FIG. 9E

VA Projection Method 5

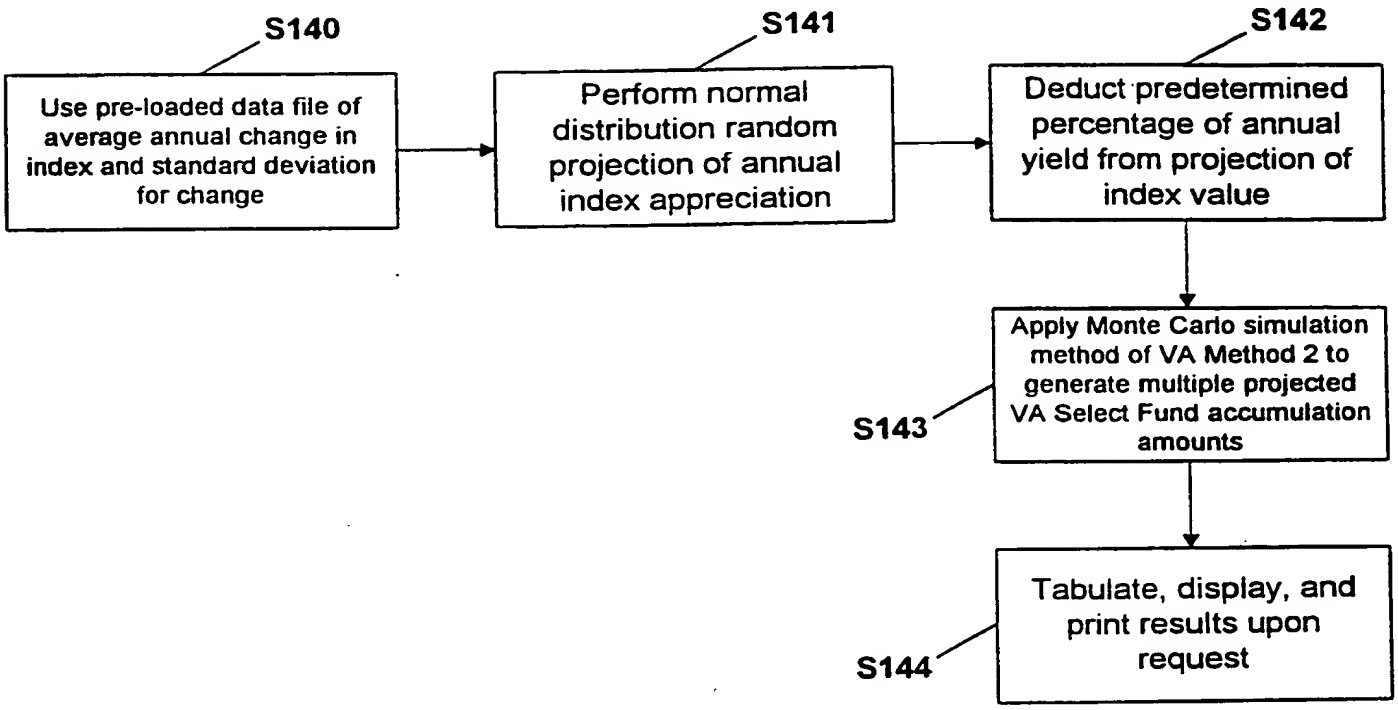
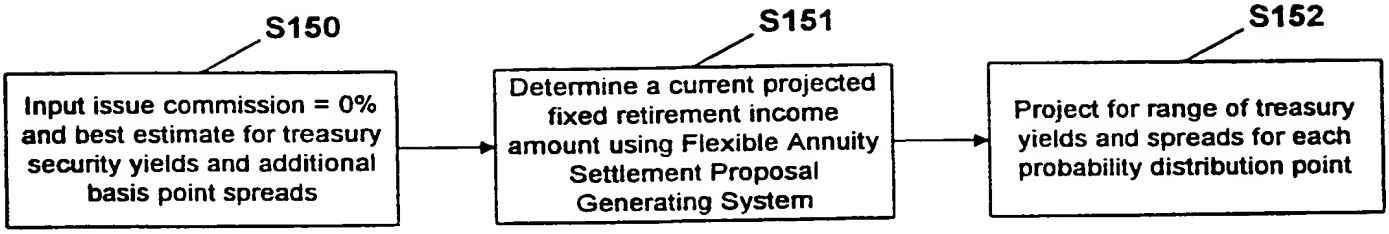


FIG. 10


S150
Input issue commission = 0% and best estimate for treasury security yields and additional basis point spreads
S151
Determine a current projected fixed retirement income amount using Flexible Annuity Settlement Proposal Generating System
S152
Project for range of treasury yields and spreads for each probability distribution point

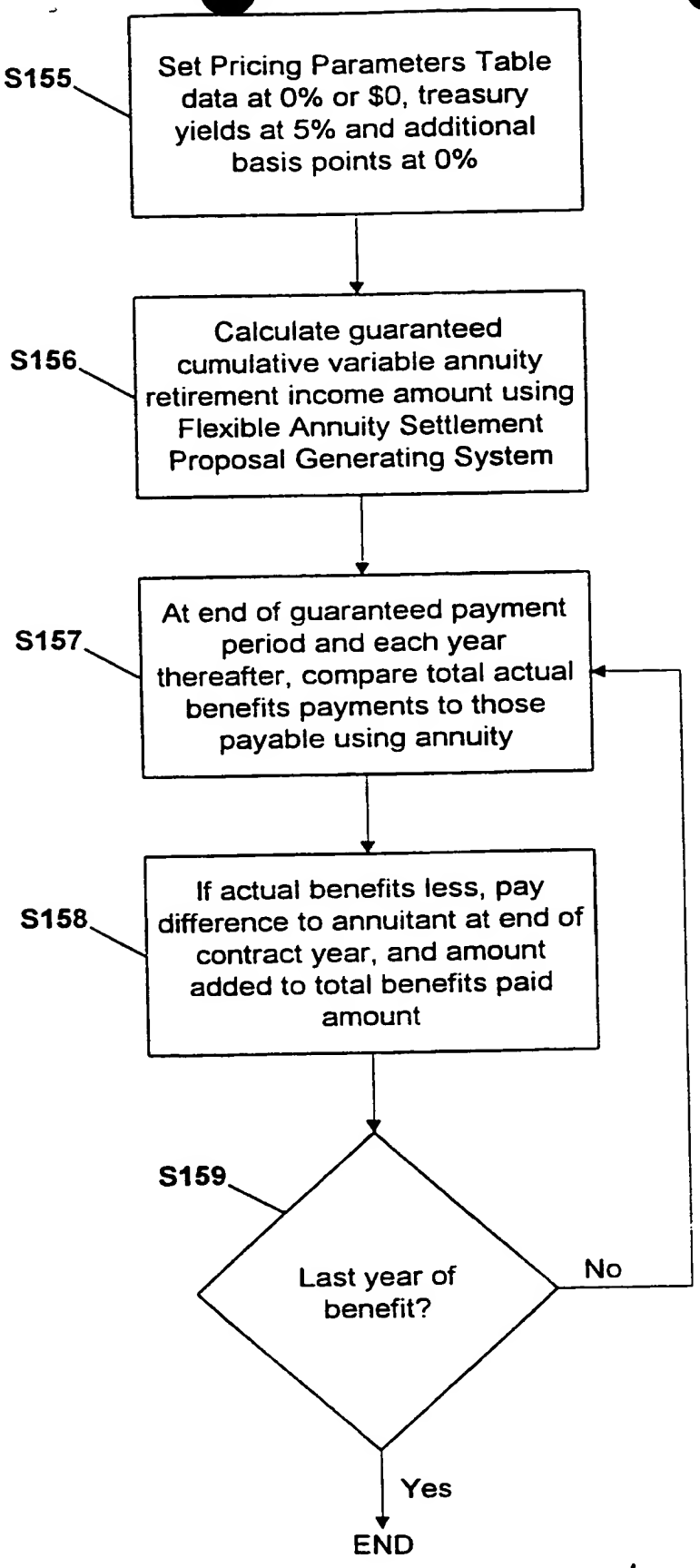

S155
Set Pricing Parameters Table data at 0% or $0, treasury yields at 5% and additional basis points at 0%
S156
Calculate guaranteed cumulative variable annuity retirement income amount using Flexible Annuity Settlement Proposal Generating System
S157
At end of guaranteed payment period and each year thereafter, compare total actual benefits payments to those payable using annuity
S158
If actual benefits less, pay difference to annuitant at end of contract year, and amount added to total benefits paid amount
S159
Last year of benefit?
No
Yes
END

FIG. 11

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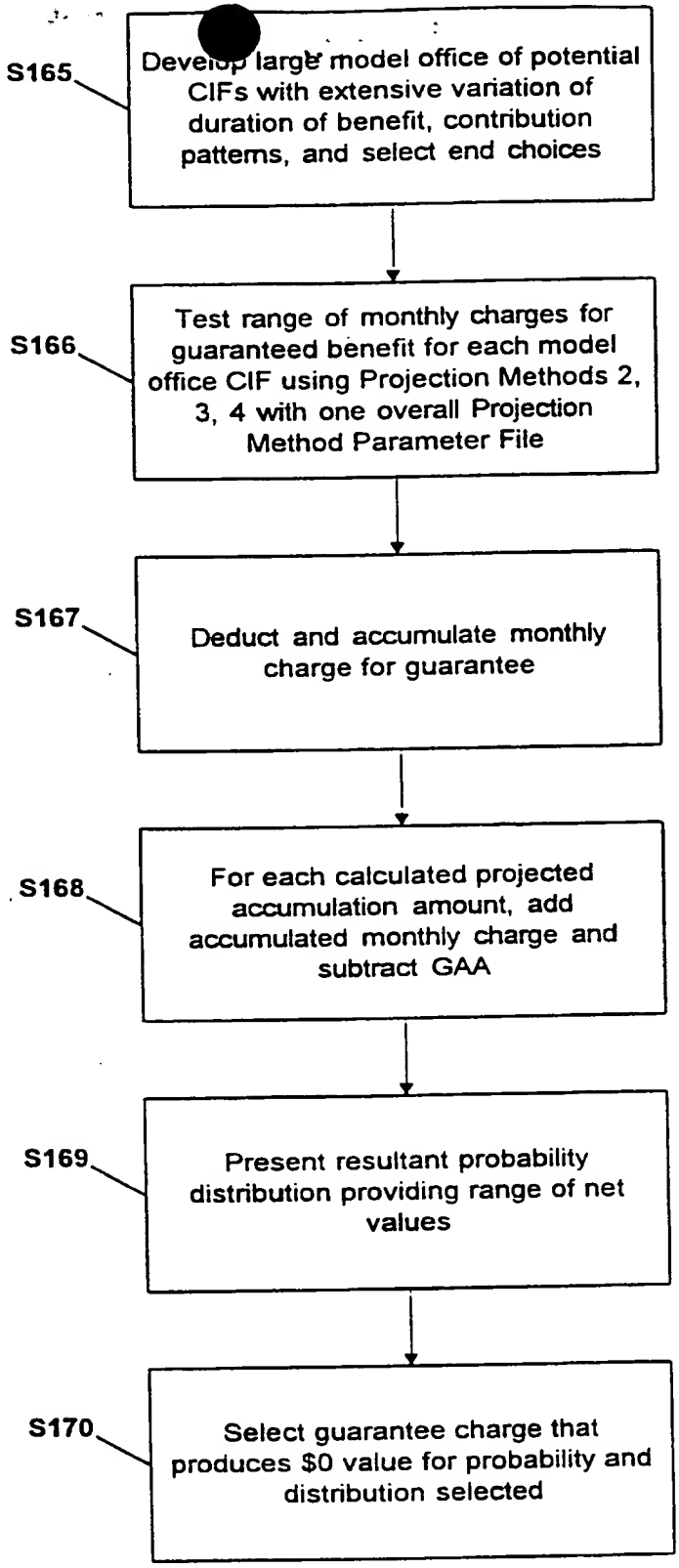


FIG. 12

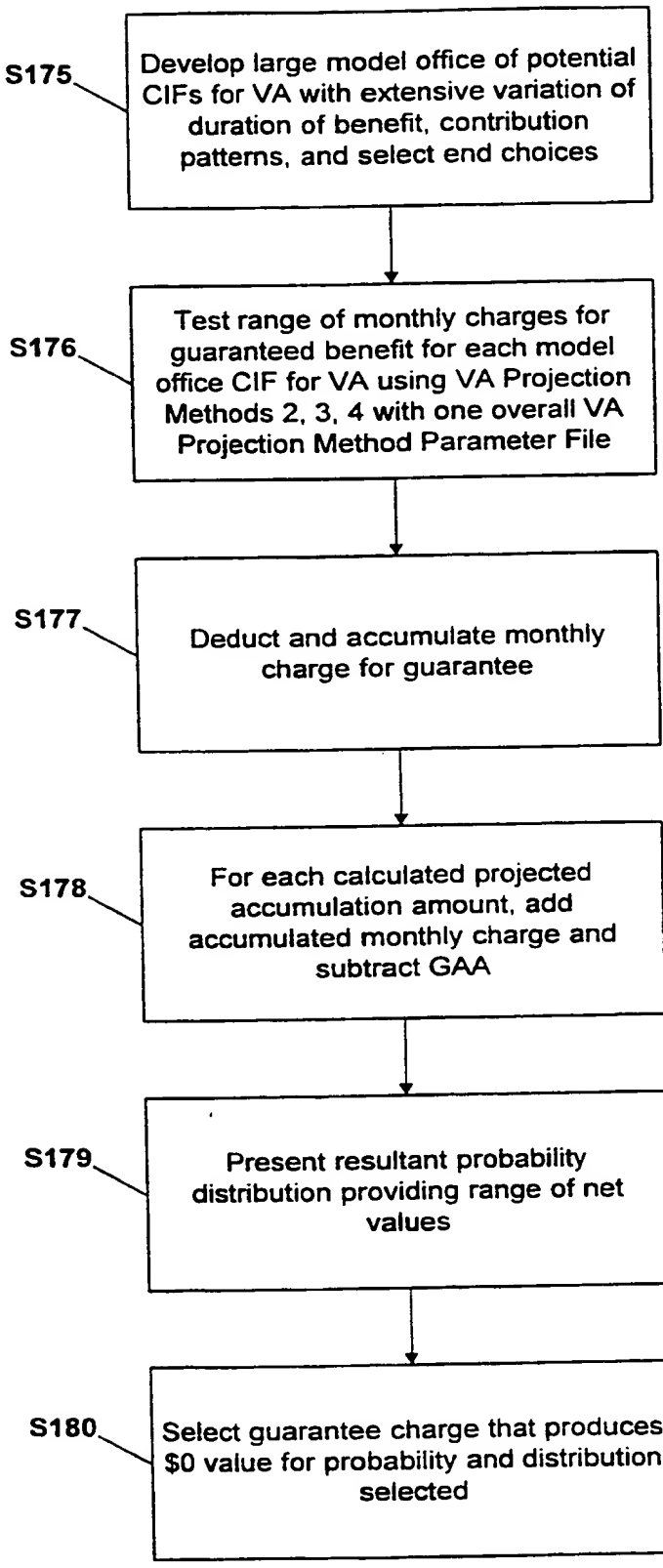

S175
Develop large model office of potential CIFs for VA with extensive variation of duration of benefit, contribution patterns, and select end choices
S176
Test range of monthly charges for guaranteed benefit for each model office CIF for VA using VA Projection Methods 2, 3, 4 with one overall VA Projection Method Parameter File
S177
Deduct and accumulate monthly charge for guarantee
S178
For each calculated projected accumulation amount, add accumulated monthly charge and subtract GAA
S179
Present resultant probability distribution providing range of net values
S180
Select guarantee charge that produces $0 value for probability and distribution selected

FIG. 13

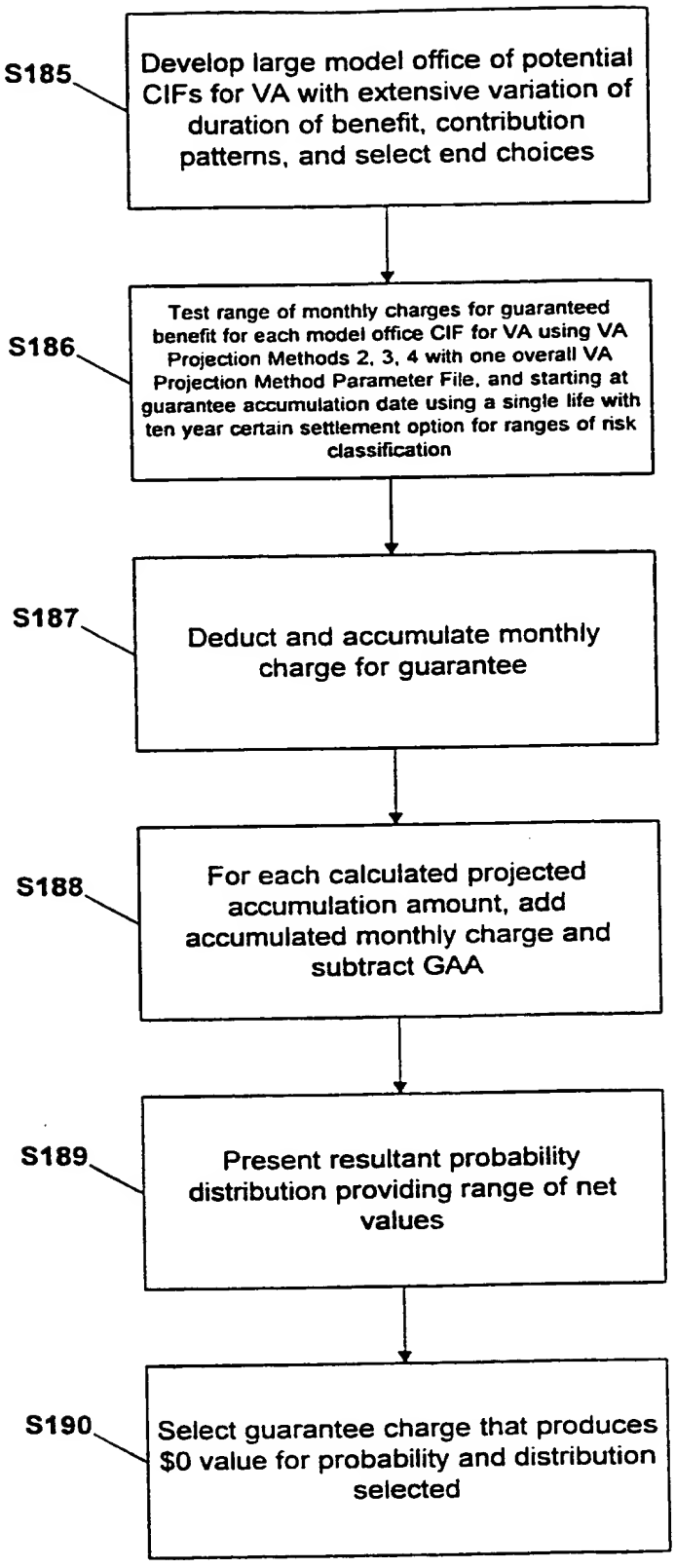

S185
Develop large model office of potential CIFs for VA with extensive variation of duration of benefit, contribution patterns, and select end choices
S186
Test range of monthly charges for guaranteed benefit for each model office CIF for VA using VA Projection Methods 2, 3, 4 with one overall VA Projection Method Parameter File, and starting at guarantee accumulation date using a single life with ten year certain settlement option for ranges of risk classification
S187
Deduct and accumulate monthly charge for guarantee
S188
For each calculated projected accumulation amount, add accumulated monthly charge and subtract GAA
S189
Present resultant probability distribution providing range of net values
S190
Select guarantee charge that produces $0 value for probability and distribution selected

FIG. 14

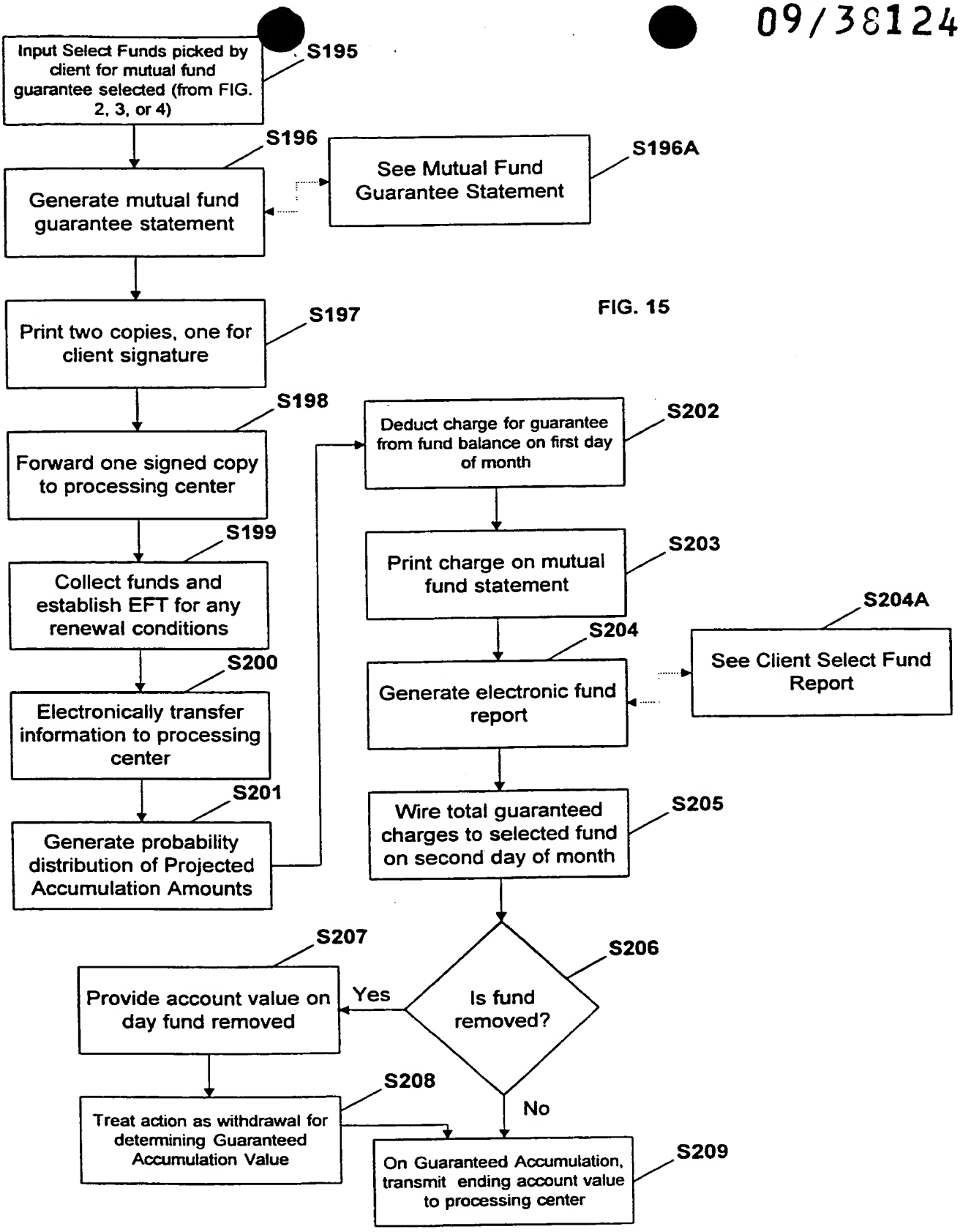
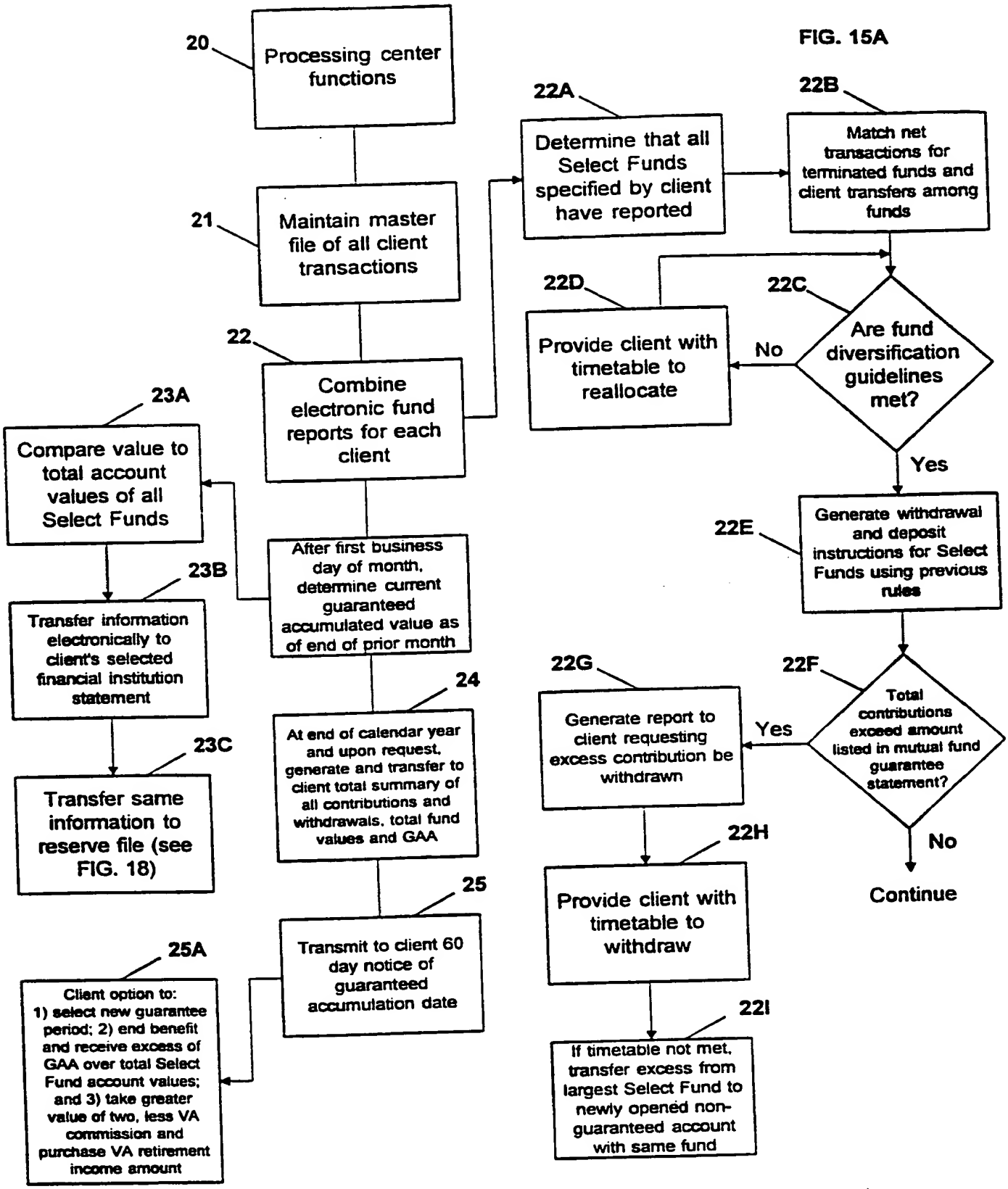

Input Select Funds picked by client for mutual fund guarantee selected (from FIG. 2, 3, or 4)
S195
Generate mutual fund guarantee statement
S196
See Mutual Fund Guarantee Statement
S196A
Print two copies, one for client signature
S197
Forward one signed copy to processing center
S198
Collect funds and establish EFT for any renewal conditions
S199
Electronically transfer information to processing center
S200
Generate probability distribution of Projected Accumulation Amounts
S201
Deduct charge for guarantee from fund balance on first day of month
S202
Print charge on mutual fund statement
S203
Generate electronic fund report
S204
See Client Select Fund Report
S204A
Wire total guaranteed charges to selected fund on second day of month
S205
Is fund removed?
S206
Yes
Provide account value on day fund removed
S207
No
Treat action as withdrawal for determining Guaranteed Accumulation Value
S208
On Guaranteed Accumulation, transmit ending account value to processing center
S209

FIG. 15

FIG. 15A


20
Processing center functions
21
Maintain master file of all client transactions
22
Combine electronic fund reports for each client
23A
Compare value to total account values of all Select Funds
23B
Transfer information electronically to client's selected financial institution statement
23C
Transfer same information to reserve file (see FIG. 18)
24
At end of calendar year and upon request, generate and transfer to client total summary of all contributions and withdrawals, total fund values and GAA
25
Transmit to client 60 day notice of guaranteed accumulation date
25A
Client option to: 1) select new guarantee period; 2) end benefit and receive excess of GAA over total Select Fund account values; and 3) take greater value of two, less VA commission and purchase VA retirement income amount
22A
Determine that all Select Funds specified by client have reported
22B
Match net transactions for terminated funds and client transfers among funds
22C
Are fund diversification guidelines met?
No
22D
Provide client with timetable to reallocate
Yes
22E
Generate withdrawal and deposit instructions for Select Funds using previous rules
22F
Total contributions exceed amount listed in mutual fund guarantee statement?
Yes
22G
Generate report to client requesting excess contribution be withdrawn
No
Continue
22H
Provide client with timetable to withdraw
22I
If timetable not met, transfer excess from largest Select Fund to newly opened non-guaranteed account with same fund

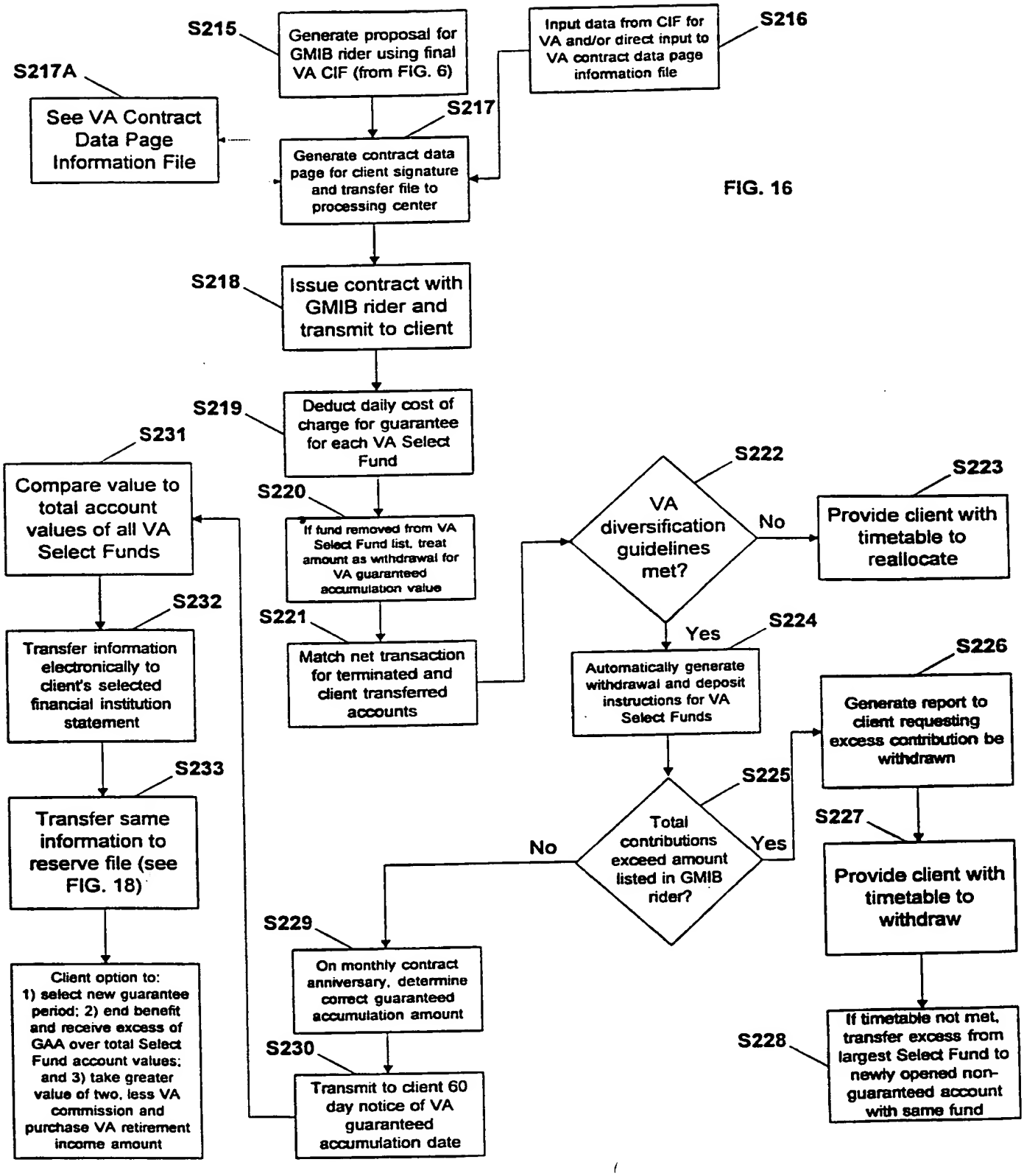

S215
Generate proposal for GMIB rider using final VA CIF (from FIG. 6)
S216
Input data from CIF for VA and/or direct input to VA contract data page information file
S217A
See VA Contract Data Page Information File
S217
Generate contract data page for client signature and transfer file to processing center
S218
Issue contract with GMIB rider and transmit to client
S219
Deduct daily cost of charge for guarantee for each VA Select Fund
S220
If fund removed from VA Select Fund list, treat amount as withdrawal for VA guaranteed accumulation value
S221
Match net transaction for terminated and client transferred accounts
S222
VA diversification guidelines met?
No
S223
Provide client with timetable to reallocate
Yes
S224
Automatically generate withdrawal and deposit instructions for VA Select Funds
S225
Total contributions exceed amount listed in GMIB rider?
No
Yes
S226
Generate report to client requesting excess contribution be withdrawn
S227
Provide client with timetable to withdraw
S228
If timetable not met, transfer excess from largest Select Fund to newly opened non-guaranteed account with same fund
S229
On monthly contract anniversary, determine correct guaranteed accumulation amount
S230
Transmit to client 60 day notice of VA guaranteed accumulation date
S231
Compare value to total account values of all VA Select Funds
S232
Transfer information electronically to client's selected financial institution statement
S233
Transfer same information to reserve file (see FIG. 18)
Client option to: 1) select new guarantee period; 2) end benefit and receive excess of GAA over total Select Fund account values; and 3) take greater value of two, less VA commission and purchase VA retirement income amount

FIG. 16

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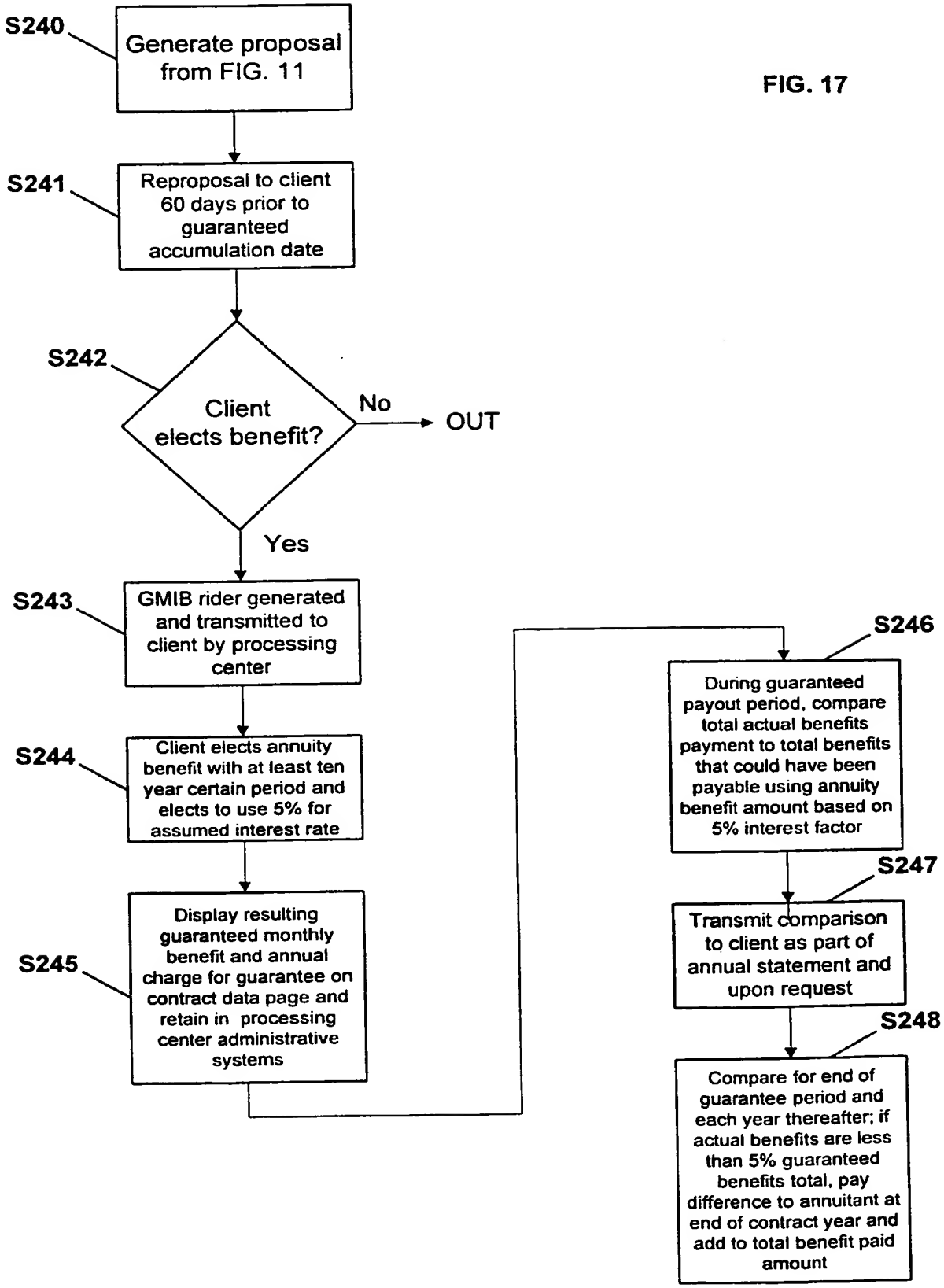

FIG. 17

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FIG. 18A

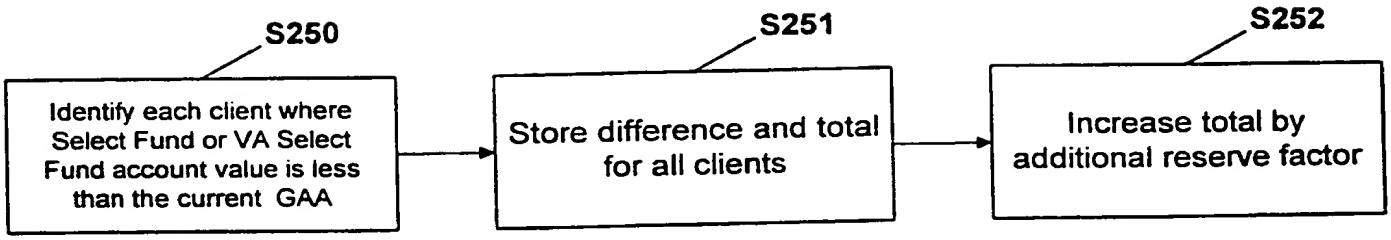

FIG. 18B

Reserve Method 2

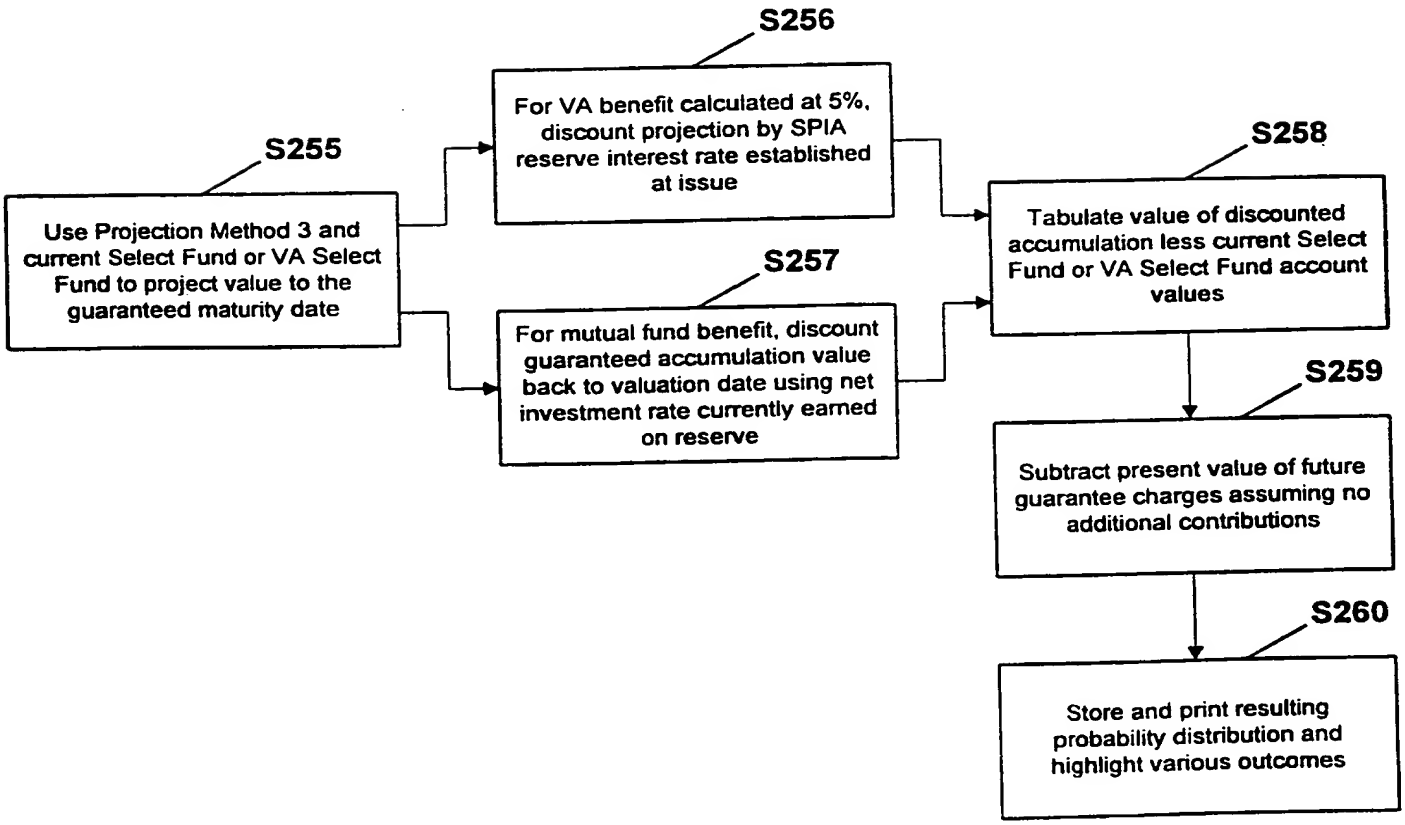

FIG. 18C

Reserve Method 3

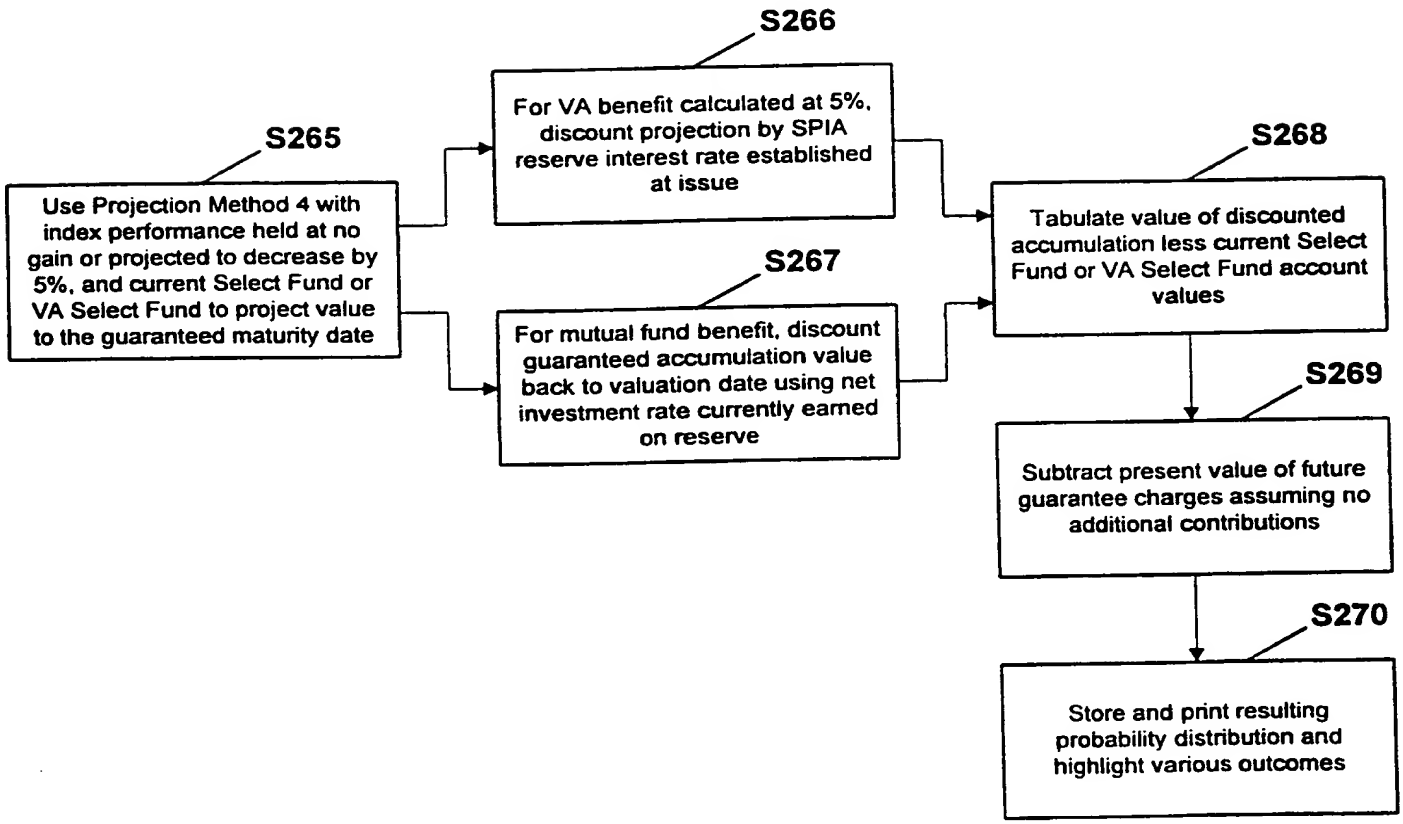

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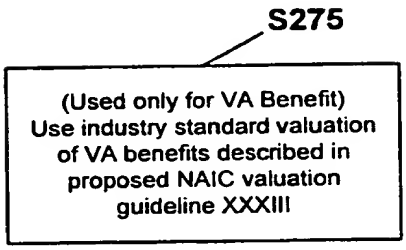
FIG. 18D

Reserve Method 4